



April 20, 2009

Members of the Kensington Town Council:

Pursuant to the Charter I am required to submit the Proposed Town Budget to you no later than the third Monday in April of each year. Attached is the proposed budget of anticipated revenues and proposed expenditures for the coming year. Such proposed budget is supported by a written financial plan, including the basis for estimates of anticipated revenues and proposed expenditures for the coming year. It is scheduled for Introduction at the April 27th Town Council meeting.

Before adopting the budget you shall hold a public hearing thereon after due notice has been given in a newspaper of general circulation within the Town. The public hearing on the budget is scheduled for Tuesday, May 26, 2009, at 7:00 PM. The Council may insert new items or may increase or decrease the items of the budget. Where the Council shall increase the total proposed expenditures it shall also increase the total anticipated revenues in an amount at least equal to such total proposed expenditures. The budget shall be prepared and adopted in the form of an ordinance. A favorable vote of at least a majority of the total elected membership of the Council shall be necessary for adoption.

This year's budget anticipates the Town utilizing the Constant Yield Tax Rate [CYTR] of \$0.122 as sent to us by the Maryland State Department of Assessments and Taxation in a memorandum dated February 11, 2009. However, should the Council want to increase the municipal property tax rate, there is a special state advertisement requirement.

The Town's anticipated Income tax revenue is expected to be down as was fiscal year 2008-09. In addition, the expected Highway User Revenue received from the State is also down due reductions in the State's Transportation Trust Fund revenue brought about by lower gasoline consumption and the poor economy. Planned expenditures have been reduced for the coming fiscal year primarily in the Capital Improvements Budget.

Expenditures and projects have been prioritized: the basic services have not been compromised and come first such as staffing, maintenance, trash, recycling, etc. And revitalization efforts are also a precedent. Unfortunately, projects I had hoped to complete have been placed on the "B List" for example; a new tennis court in St. Paul Park, upgrades to Joseph's Park, and a new street sweeper. On the "C List" is the water play equipment for the kids in Reinhardt Park,

amongst other wish list items. If the economy improves, I will do my best to make these come to fruition.

Of concern to me is our reserve funding (a.k.a. rainy day fund), which I have traditionally kept at \$500,000. To offset this mayoral anxiety, certain road improvements will not be implemented until later in the year; and only if we see financially fit. This cushion gives us an extra \$100,000 and then some.

This next year will be a challenging one and it is important that we continue to work together. Thank you all for being a terrific Council. I'd also like to thank Council Member McMullen, Sanford, Susan, and Claudia for their help in completing this year's budget!

Sincerely yours,

A handwritten signature in black ink, appearing to read "P. Fosselman", enclosed in a thin black rectangular border.

Peter Fosselman, Mayor

Cc: Sanford Daily, Town Manager

Susan Engels, Town Clerk-Treasurer

Claudia Donnelly, Assistant to the Mayor